In Partial Fulfillment of the Requirements
In Statutory Construction

Outlined Case Digests

By Statutory Construction Class

Tuesday / 7:30 – 9:30

AY 2013-2014 2nd Semester

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Statutory Construction

Tuesday / 7:30-9:30

A.Y. 2013-2013 2nd Semester

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Course Outline and Definitions

I. Statutes, in general

1.1. Definitions and Distinctions

1.1.1. Statute – is an act of the legislature as an organized body, expressed in the form, and passed according to the procedure, required to constitute it as part of the law of the land.

1.1.2. Law – a rule of conduct formulated and made obligatory by legitimate power of the state.

1.1.3. Construction – is the art or process of discovering and expounding the meaning and intention of the authors of the law, where that intention is rendered doubtful by reason of the ambiguity in its language or of the fact that the given case is not explicitly provided for in the law.

1.1.4. Interpretation – is the art of finding the true meaning and sense of any form of words

1.1.5. Statutory Construction – as defined in Caltex vs. Palomar (G.R. L-19650, September 29, 1966), "*Construction, verily, is the art or process of discovering and expounding the meaning and intention of the authors of the law with respect to its application to a given case, where that intention is rendered doubtful, amongst others, by reason of the fact that the given case is not explicitly provided for in the law (Black, Interpretation of Laws, p. 1)*"

CALTEX (PHILIPPINES), INC.
vs.
ENRICO PALOMAR, in his capacity as THE POSTMASTER GENERAL
G.R. No. L-19650, SEPTEMBER 29, 1966

FACTS:

In the year 1960 the Caltex (Philippines) Inc. conceived and laid the groundwork for a promotional scheme dubbed as "Caltex Hooded Pump Contest".

Representations were made by Caltex with the postal authorities for the contest to be cleared in advance for mailing, foreseeing the extensive use of the mails.

In a letter to the Postmaster General, dated October 31, 1960, the Caltex, thru counsel, enclosed a copy of the contest rules and endeavored to justify its position that the contest does not violate the anti-lottery provisions of the Postal Law to formalize the matter. The then Acting Postmaster General declined to grant the requested clearance explaining that the scheme falls within the purview of the provisions aforesaid.

In its counsel's letter of December 7, 1960, Caltex sought reconsideration, stressing that there being no consideration in the part of any contestant, the contest was not condemnable as a lottery. The Postmaster General maintained his view relying on an opinion rendered by the Secretary of Justice on an unrelated case seven years before (Opinion 217, Series of 1953).

ISSUES:

1. Whether or not the petition states a sufficient cause of action for declaratory relief?
2. Whether or not the proposed "Caltex Hooded Pump Contest" violates the Postal Law?

HELD:

By express mandate of **Section 1 of Rule 66 of the old Rules of Court** which deals with the applicability to invoke declaratory relief which states: *“Declaratory relief is available to person whose rights are affected by a statute, to determine any question of construction or validity arising under the statute and for a declaration of rights thereunder.”*

In amplification, conformably established jurisprudence on the matter, laid down certain conditions:

1. There must be a justiciable controversy.
2. The controversy must be between persons whose interests are adverse.
3. The party seeking declaratory relief must have a legal interest in the controversy.
4. The issue involved must be ripe for judicial determination.

The contenders are confronted by an ominous shadow of imminent and inevitable litigation with the appellee's bent to hold the contest and the appellant's threat to issue a fraud order if carried out unless their differences are settled and stabilized by a declaration. And, contrary to the insinuation of the appellant, the time is long past when it can rightly be said that merely the appellee's "desires are thwarted by its own doubts, or by the fears of others" — which admittedly does not confer a cause of action. Doubt, if any there was, has ripened into a justiciable controversy when, as in the case at bar, it was translated into a positive claim of right which is actually contested.

The trial court rendered judgment as follows:

> In view of the foregoing considerations, the Court holds that the proposed 'Caltex Hooded Pump Contest' announced to be conducted by the petitioner under the rules marked as Annex B of the petitioner does not violate the Postal Law and the respondent has no right to bar the public distribution of said rules by the mails.

1.2. Parts of a Statute:

1.2.1. Preamble – a prefatory statement or explanation or a finding of facts, reciting the purpose, reason, or occasion for making the law to which it is prefixed.

1.2.2. Title of Statute – states the object, nature, and scope of the law

1.2.3. Enacting Clause – part of the statute written immediately after the title thereof which states the authority by which the act is enacted,

1.2.4. Purview of body of statute – is that part which tells what the law is all about.

1.2.5. Separability Clause – is that part of a statute which states that if any provision of the act is declared invalid, the remainder shall not be affected thereby.

1.2.6. Repealing Clause – is that part of a statue which cites the legislative intent to terminate or repeal another statute or statutes.

1.2.7. Effectivity Clause – is the provision which states when the law shall take effect.

1.3. Enactment of a Statute

1.3.1. Secretary of the House reports the bill for the first reading.

1.3.2. First Reading – the reading of the number and title of the bills, followed by its referral to the appropriate committee for study and recommendation

1.3.3. Second Reading – the bill is read in full with the amendments proposed by the Committee, if any, unless copies thereof are distributed and such reading is dispensed with.

Eventually, the bill will be subjected to debates, pertinent motions, and amendments.

1.3.4. Third Reading – where the vote transpires.

1.3.5. Conference Committee Reports – where the bill is passed to the Senate for concurrence. If there are no amendments or changes to be made with the bill, then the same shall be given to the President for proper action. If there are amendments or proposed changes, then the two Houses shall, through their Conference Committees, shall settle the matter.

1.3.6. Authentication of Bills – Speaker of the House and Senate President signs the bill before it is presented to the President.

1.3.7. President's Approval or Veto – If the President approves of the bill, then he shall sign it. If the President does not approve of the bill, then he shall veto and return the bill to the House where it originated together with his comments. The House may, by two-thirds vote, undo the veto of the President.

All bills which were not signed nor was vetoed by the President within thirty (30) days shall be deemed approved.

1.4. Presidential Issuances – those statutes which the President issues in the exercise of his ordinance power. This includes executive orders, administrative orders, proclamations, memorandum orders, memorandum circulars, and general or special orders.

1.5. Effect and Operation – As stated in Article 2 of the New Civil Code, "all laws shall take effect after fifteen (15) days following the completion of their publication in the Official Gazette or in a newspaper of general circulation, unless it is otherwise provided."

1.6. Types/Kinds of Statutes

1.6.1. General

1.6.1.1. Public – one which affects the public at large or the whole community.

- General – one which applies to the whole state and operates throughout the state alike upon all the people or all of a class.
- Special – relates to particular persons or things of a class or to a particular community, individual, or thing.
- Local – confined to a specific place or locality.

1.6.1.2. Private – applies only to a specific person or subject.

1.6.1.3. Permanent – one whose operation is not limited in duration but continues until repealed

1.6.1.4. Temporary – one whose duration is just for a limited period of time fixed in the statute itself or whose life ceases upon the happening of an event.

1.6.2. Others

1.6.2.1. By Application

1.6.2.1.1. Prospective – applicable only to cases which shall only arise after its enactment.

1.6.2.1.2. Retroactive – made to affect acts or fact occurring, or rights occurring before it came to force.

1.6.2.2. By Operation

1.6.2.2.1. Declaratory

1.6.2.2.2. Curative – a form of retrospective legislation which reaches back into the past to operate upon the past events, acts or transactions in order to correct errors and irregularities and to render valid and effective many attempted acts which otherwise be ineffective for the purpose intended.

1.6.2.2.3. Mandatory – statutes which require and not merely permit a course of action.

1.6.2.2.4. Directory – a statute which is permissive or discretionary in nature and merely outlines the act to be done in such a way that no injury can result from ignoring it or that its purpose can be accomplished in a manner other than that prescribed and substantially the same result obtained.

1.6.2.2.5. Substantive – written law that controls the rights and actions of all the persons within the jurisdiction.

1.6.2.2.6. Remedial – a statute providing means or method whereby causes of action may be effectuated, wrongs redressed and relief obtained.

1.6.2.2.7. Penal – defines criminal offenses and specifies corresponding fines and punishments

1.6.2.3. By Form

1.6.2.3.1. Affirmative – directs the doing of the act or declares what shall be done

1.6.2.3.2. Negative – one that prohibits a thing from being done or declares what shall not be done.

2. Statutory Construction, in general

2.1. When does statutory construction come in?

NATIONAL FEDERATION OF LABOR and ZAMBOANG MONTHLY EMPLOYEES UNION, ITS OFFICERS AND MEMBERS
vs.
THE HONORABLE CARLITO A. EISMA. LT. COL. JACOB CARUNCHO, COMMANDING OFFICER, ZAMBOANGA DISTRICT COMMAND, PC, AFP AND ZAMBOANGA WOOD PRODUCTS
G.R. No. L-61236, JANUARY 31, 1994

FACTS:

On 5 March 1982, the National Federation of Labor, filed with the Ministry of Labor and Employment, Labor Relations Division, Zamboanga City, a petition for direct certification as the sole exclusive collective bargaining representative of the monthly paid employees of the respondent Zamboanga Wood Products, Inc. at its manufacturing plant in Lumbayao, Zamboanga City. On 17 April 1982, such employees charged respondent firm before the same office of the Ministry of Labor for underpayment of monthly living allowances. On 3 May 1982, the union issued a notice of strike against private respondent, alleging illegal termination of Dionisio Estioca, president of the said local union; unfair labor practice, non-payment of living allowances; and "employment of oppressive alien management personnel without proper permit. The strike began on 23 May 1982.

On 9 July 1982, Zambowood filed a complaint with the trial court against the officers and members of the union, for “damages for obstruction of private property with prayer for preliminary injunction and/or restraining order.” The union filed a motion for the dismissal and for the dissolution of the restraining order, and opposition to the issuance of the writ of preliminary injunction, contending that the incidents of picketing are within the exclusive jurisdiction of the Labor Arbiter pursuant to Batas Pambansa 227 (Labor Code, Article 217) and not to the Court of First Instance. The motion was denied. Hence, the petition for certiorari.

ISSUE:

Whether or not construction of the law is required to determine jurisdiction?

HELD:

The first and fundamental duty of courts is to apply the law. Construction and interpretation come only after it has been demonstrated that application is impossible or inadequate without them.

Jurisdiction over the subject matter in a judicial proceeding is conferred by the sovereign authority which organizes the court; and it is given only by law. Jurisdiction is never presumed; it must be conferred bylaw in words that do not admit of doubt. Since the jurisdiction of courts and judicial tribunals is derived exclusively from the statutes of the forum, the issue should be resolved on the basis of the law or statute in force. Therefore, since (1) the original wording of Article 217 vested the labor arbiters with jurisdiction; since (2) Presidential Decree 1691 reverted the jurisdiction with respect to money claims of workers or claims for damages arising from employer-employee relations to the labor arbiters after Presidential Decree 1367 transferred such jurisdiction to the ordinary courts, and since (3) Batas Pambansa 130 made no change with respect to the original and exclusive jurisdiction of Labor Arbiters with respect to money claims of workers or claims for damages arising from employer-employee relations; Article 217 is to be applied the way it is worded. The exclusive original jurisdiction of a labor arbiter is therein provided for explicitly. It means, it can only mean, that a court of first instance judge then, a regional trial court judge now, certainly acts beyond the scope of the authority conferred on him by law when he entertained the suit for damages, arising from picketing that accompanied a strike.

The Supreme Court, thus, granted the writ of certiorari, and nullified and set aside the 20 July 1982 order issued by the court a quo. It granted the writ of prohibition, and enjoined the Judge of said court, or whoever acts in his behalf in the RTC to which this case is assigned, from taking any further action on the civil case (Civil Case 716 [2751]), except for the purpose of dismissing it. It also made permanent the restraining order issued on 5 August 1982.

LEONARDO A. PAAT (OIC-DENR), JOVITO LAYUGAN, JR. (CENRO-DENR)
vs.
COURT OF APPEALS, HON. RICARDO A. BACULI, SPOUSES BIENVENIDO AND VICTORIA DE GUZMAN
G.R. No. 111107, JANUARY 10, 1997

FACTS:

On May 19, 1989, the truck of Victoria de Guzman was seized by the DENR personnel in Aritao, Nueva Ecija when it was on its way to Bulacan because the driver was not able to produce the required forest documents for the forest products found concealed in the truck. The CENRO of Aritao issued on May 23, 1989 an order of confiscation and gave the owners 15 days to submit an explanation. However, the owners failed to submit the required explanation. The DENR Regional Director Baggayan sustained the confiscation and order of forfeiture. The private respondents filed a case of replevin to the Regional Trial Court Branch 2 of Cagayan. They contended that the DENR has no authority to confiscate and forfeit conveyances used in transporting illegal forest products in favour of the government but rather the court, based on the second paragraph of Section 68 of PD 705, as amended by EO 277. In addition, they argued that since there is no crime punishable is the same Section other than qualified theft, and the petitioners admitted that they could not be charged with such offense, hence, their truck should not be confiscated. The RTC decided in favour of the respondents. The petitioners filed a petition for certiorari to the Supreme Court.

ISSUE:

Whether or not the petitioners violated Section 68 of PD 705, as amended by EO 277, which shall, therefore, be a ground for confiscation of their truck?

HELD:

When the statue is clear and explicit, there is hardly room for any extended court ratiocination or rationalization.

It is clear in the introduction of EO 277 amending Sec. 68 of PD 705 that to “cut, gather, collect, remove….or possess any timber or other forest products without the legal documents as require by the existing forest laws and regulations, shall be punished with the penalties imposed under Art. 309 and 310 of the RPC”. Then it is obvious that petitioners have the violated EO 277 when its truck which contains forest products was not able to present legal documents. The truck should, therefore, be subject for confiscation.

PEOPLE OF THE PHILIPPINES
vs.
MARIO MAPA y MAPULONG
G.R. No. L-22301, AUGUST 30, 1967

STATUTORY CONSTRUCTION DOCTRINE:

It is the first duty of the court to apply the law. Statutory Construction comes after it has been demonstrated that application is impossible or inadequate without them.

FACTS:

Mapa was charged for illegal possession of firearms in violation of section 878 of RAC in connection 2692 of the same code as amended by CA 56 and RA 4. Caliber 22 without license.

Mapa admits the accusation but on grounds of his duty as a secret agent to Batangas Governor Leviste. The lower court rendered a decision convicting Mapa of the crime and imprisonment of 1 year 1 day to 2 years.

ISSUE:

Whether or not a secret agent should, like Mapa, be licensed firearm exempt?

HELD:

The law is clear that it is unlawful for any person to possess firearms in section 878 and of the RAC, except when such are in possession of public officials in the performance of their duties. SC affirmed the judgment.

RODERICK DAOANG, and ROMMEL DAOANG, assisted by their father, ROMEO DAOANG
vs.
THE MUNICIPAL JUDGE, SAN NICOLAS, ILOCOS NORTE, ANTERO AGONOY and AMANDA RAMOS-AGONOY
G.R. No. L-34568, MARCH 28, 1988

STATUTORY CONSTRUCTION DOCTRINE:

A statute clear and unambiguous on its face need not be interpreted; stated otherwise; the rule is that only statutes with an ambiguous or doubtful meaning may be the subject of statutory construction.

FACTS:

On 23 March 1971, the respondent spouses Antero and Amanda Agonoy filed a petition with the Municipal Court of San Nicolas, Ilocos Norte, seeking the adoption of the minors Quirino Bonilla and Wilson Marcos. The case, entitled: "In re Adoption of the Minors Quirino Bonilla and Wilson Marcos, Antero Agonoy and Amanda Ramos-Agonoy, petitioners", was docketed therein as Spec. Proc. No. 37.

On 22 April 1971, the minors Roderick and Rommel Daoang, assisted by their father and guardian *ad litem*, filed an opposition to the aforementioned petition for adoption, claiming that the spouses Antero and Amanda Agonoy had a legitimate daughter named Estrella Agonoy, oppositors' mother, who died on 1 March 1971, and therefore, said spouses were disqualified to adopt under Art. 335 of the Civil Code.

The Municipal Court of San Nicolas, Ilocos Norte rendred its decision, granting the petition for adoption.

ISSUE:

Whether or not the respondent, spouses Antero Agonoy and Amanda Ramos-Agonoy are disqualified to adopt under paragraph (1), Art. 335 of the Civil Code, to wit:

> Art. 335. The following cannot adopt:
> (1) Those who have legitimate, legitimated, acknowledged natural children or children by legal fiction.

HELD:

The Supreme Court ruled that the words used in paragraph (1) of Art. 335 of the Civil Code, in enumerating the persons who cannot adopt, are clear and unambiguous. The children mentioned therein have a clearly defined meaning in law and, as pointed out by the respondent judge, do not include grandchildren.

DANILO PARAS
vs.
COMMISSION ON ELECTIONS
G.R. No. L-123169, NOVEMBER 4, 1996

FACTS:

A petition for recall was filed against Danilo Paras, who is the incumbent Punong Barangay of Pula, Cabanatuan City. The recall election was postponed due to a later date due petitioner's opposition that under Section 74 of RA 7160, no recall shall take place within one year from the date of the official's assumption to office or one year immediately preceding a regular local election. Since the Sangguniang Kabataan election was set on the first Monday of May 2006, no recall may be instituted.

ISSUE:

Whether or not the prohibition of Section 74 (b) of the LGC may refer to SK elections, where the recall election is for Barangay post?

HELD:

No. Petition was dismissed. Every part of the statute must be interpreted with reference to its context. It is clear that Sec 74 is to subject an elective local official to recall once during his term, provided in paragraph (a) and (b). Thus interpreting the phrase "regular local election" to include SK election will unduly circumscribe the Code since there will never be a recall of election rendering useless in the provision. In interpreting a statute, the Court assumed that the legislature intended to enact an effective law. An interpretation should be avoided under which a statute or provision being construed is defeated, meaningless or inoperative.

2.2. Statutory Construction vs. Judicial Legislation

- Statutory Construction - is bringing out the meaning of a statute as intended by its framers

- Judicial Legislation - refers to the act of the judiciary in declaring what the law is or has been.

2.2.1. Who Exercises Statutory Construction? - The Judiciary

PERFECTO S. FLORESCA, Et. Al.
vs.
PHILEX MINING CORPORATION and HON. JESUS P. MORFE, Presiding Judge of Branch XIII, Court of First Instance of Manila
G.R. No. L-30642, APRIL 30, 1985

FACTS:

Floresca et.al are the heirs of the deceased employees of Philex Mining Corporation, who, while at its copper mines underground operations at Tuba, Benguet on June 28,1967, died as a result of the cave-in that buried them in the tunnels of mine. Specifically the complaint alleges that Philex Mining Corp, in violation of the government rules and regulation, negligently and deliberately failed to take the required precautions for the protection of the lives of its men working underground. Floresca et.al moved to claim their benefits pursuant to the Workmen's Compensation Act before the workmen's Compensation Commission. They also petition before the regular courts and sue Philex for additional damages and it invoked that they can no longer be sued because the petitioner have already claimed benefits under the WCA.

ISSUE:

Whether or not Floresca et.al can claim benefits and at the same time sue?

HELD:

Under the law, Floresca et.al could only do either one. If they filed for benefits under the WCA then they will be estopped from proceeding with a civil case before the regular courts. Conversely, if they sued before the civil courts then they would also be estopped from claiming benefits under the WCA. The SC however ruled that Floresca et.al is excuse from this deficiency due to ignorance of the fact. The SC emphasized that they would go strictly by the book in the case then the purpose of the law may be defeated. Idolatrous reverence for the letter of the law sacrifices the human being. The spirit of the law insures men's survival and enables him.

REPUBLIC OF THE PHILIPPINES
vs.
CA AND MOLINA
G.R. No. 108763, FEBRUARY 13, 1997

STATUTORY CONSTRUCTION DOCTRINE:

The Supreme Court, in addition to ruling on the facts of the cases before it, may lay down specific guidelines in the interpretation and application of statutes.

FACTS:

Roridel Olaviano and Reynaldo Molina got married on April 14, 1985 in Manila, and after a year of marriage, their son, Andre O. Molina was born. Reynaldo showed signs of "immaturity and irresponsibility" on the early stages of the marriage, observed from his tendency to spend time with his friends and squandering his money with them, from his dependency from his parents, and his dishonesty on matters involving his finances. Reynaldo was relieved of his job in 1986, Roridel became the sole breadwinner thereafter. In March 1987, Roridel resigned from her job in Manila and proceeded to Baguio City. Reynaldo left her and their child a week later. The couple is separated-in-fact for more than three years.

On 16 August 1990, Roridel filed a verified petition for declaration of nullity of her marriage to Reynaldo Molina. Evidence for Roridel consisted of her own testimony, that of two of her friends, a social worker, and a psychiatrist of the Baguio General Hospital and Medical Center. Reynaldo did not present any evidence as he appeared only during the pre-trial conference. On 14 May 1991, the trial court rendered judgment declaring the marriage void. The Solicitor General appealed to the Court of Appeals. The Court of Appeals denied the appeals and affirmed in toto the RTC's decision. Hence, the present petition.

ISSUE:

Whether or not opposing or conflicting personalities should be construed as psychological incapacity as ground for annulment of marriage?

HELD:

The Court reiterated its ruling in Santos v. Court of Appeals, where psychological incapacity should refer to no less than a mental (not physical) incapacity, existing at the time the marriage is celebrated, and that there is hardly any doubt that the intendment of the law has been to confine the meaning of 'psychological incapacity' to the most serious cases of personality disorders clearly demonstrative of an utter insensitivity or inability to give meaning and significance to the marriage. Psychological incapacity must be characterized by gravity, juridical antecedence, and incurability. In the present case, there is no clear showing to us that the psychological defect spoken of is incapacity; but appears to be more of a "difficulty," if not outright "refusal" or "neglect" in the performance of some marital obligations. Mere showing of "irreconcilable differences" and "conflicting personalities" in no wise constitutes psychological incapacity.

The Court, in construing Article 36 of the Family Code, promulgated the guidelines in its interpretation and application, removing any visages of it being "the most liberal divorce procedure in the world" as labeled by the Solicitor General: (1) The burden of proof belongs to the plaintiff; (2) the root cause of psychological incapacity must be medically or clinically identified, alleged in the complaint, sufficiently proven by expert, and clearly explained in the decision; (3) The incapacity must be proven existing at the time of the celebration of marriage; (4) the incapacity must be clinically or medically permanent or incurable; (5) such illness must be grave enough; (6) the essential marital obligation must be embraced by Articles 68 to 71 of the Family Code as regards husband and wife, and Articles 220 to 225 of the same code as regards parents and their children; (7) interpretation made by the National Appellate Matrimonial Tribunal of the Catholic Church, and (8) the trial must order the fiscal and the Solicitor-General to appeal as counsels for the State.

The Supreme Court granted the petition, and reversed and set aside the assailed CA decision; concluding that the marriage of Roridel Olaviano to Reynaldo Molina subsists and remains valid.

2.3. Legislative Intent, how ascertained

Legislative intent must be ascertained from a consideration of the statute as a whole. The particular words, clauses and phrases should not be studied as detached and isolated expressions, but the whole and every part of the statute must be considered in fixing the meaning of any of its parts and in order to produce harmonious whole.

MAPALAD AISPORNA
vs.
THE COURT OF APPEALS and THE PEOPLE OF THE PHILIPPINES
G.R. No. L-39419, April 12, 1982

STATUTORY CONSTRUCTION DOCTRINE:

Legislative intent must be ascertained from a consideration of the whole statute; words and phrases and clauses should not be studied in isolation or detached from the rest.

FACTS:

Rodolfo Aisporna is an authorized insurance agent of Perla Compania de Seguros. Rodolfo's wife named Mapalad, in his absence, issued a Personal Accident Policy to Eugenio S. Isidro. Later on, the insured died during the lifetime of the policy.

Subsequently, an information for violation of Section 189 of Insurance Law against Mapalad Aiporna was filed before the Court of Cabatuan City. It was alleged therein that Mapalad Aisporna acted as insurance agent without previously obtaining a certificate of authority from the Insurance Commissioner as required by Section 189 of the Insurance Act.

In her defense, Mapalad Aisporna averred that she merely assisted her husand and that she did not received any compensation in issuing the policy.

The trial court of Cabanatuan, nonetheless, convicted Mapalad Aisporna and both the Court of First Instance and the Court of Appeals affirmed said decision.

ISSUE:

Whether or not receipt of compensation is an element of violation of Section 189 as to warrant the acquittal of Mapalad Aisporna?

HELD:

Yes, to receive compensation by the agent is an essential element for violation of paragraph 1 of Section 189 of the Insurance Code.

The definition of an agent under paragraph 2 is intended to define the word “agent” in paragraph 1. Therefore, paragraph 2 provides that any person who for compensation shall be an insurance agent within the intent of Section 189 of the Insurance Code.

The information does not allege that the negotiation of an insurance contract by Mapalad Aisporna was one for compensation. Every element of the crime must be alleged and proved to warrant a conviction.

CHINA BANKING CORPORATION AND TAN KIM LIONG
vs.
HON. WENCESLAO ORTEGA AND VICENTE ACABAN
G.R. No. L-34964, JANUARY 31, 1973

STATUTORY CONSTRUCTION DOCTRINE:

In construing a law, the court can look into the discussions of the conference committee report in order to ascertain the framers' intent in creating it.

FACTS:

Vicente Acaban filed a complaint against Bautista Logging Co., Inc., B & B Forest Development Corporation and Marino Bautista for the collection of a sum of money. Judgment by default was rendered against the defendants in that case.

To satisfy the judgment, the plaintiff sought the garnishment of the bank deposit of the defendant B & B Forest Development Corporation with the China Banking Corporation. A notice of garnishment was issued and served on the Bank through its cashier, Tan Kim Liong. The cashier refused to comply, citing Republic Act No. 1405 or the Bank Secrecy Law, which he claims prohibits the disclosure of any information pertaining to bank deposits.

The Bank and Tan Kim Liong thus filed this petition for certiorari with the Supreme Court assailing the orders directing the disclosure under threat of holding them in contempt of court.

ISSUE:

Whether or not the bank can be compelled to make the disclosure pursuant to a valid notice of garnishment, considering the provisions of the Bank Secrecy Law?

HELD:

Yes, it can. The lower court did not order an examination of or inquiry into the deposit of B & B Forest Development Corporation, as contemplated in the law. It merely required Tan Kim Liong to inform the court whether or not the defendant B & B Forest Development Corporation had a deposit in the China Banking Corporation only for purposes of the garnishment issued by it, so that the bank would hold the same intact and not allow any withdrawal until further order.

In construing the law, the Court looked at the discussions of the conference committee report on Senate Bill No. 351 and House Bill No. 3977, which later became Republic Act 1405, which stated that it was not the intention of the lawmakers to place bank deposits beyond the reach of execution to satisfy a final judgment.

BOARD OF ADMINISTRATORS, PHILIPPINES VETERANS ADMINISTRATION
vs.
HON. JOSE G. BAUTISTA, in his capacity as Presiding Judge of the CFI Manila, Branch III, and CALIXTO V. GASILAO
G.R. No. L-37867 February 22, 1982

FACTS:

Calixto Gasilao was a war veteran in good standing during the World War II. On October 19, 1955, he filed a claim for disability pension under Section 9, Republic Act No. 65. The claim was disapproved by the Philippine Veterans Board (now Board of Administrators, Philippine Veterans Administration).

Fortunately, on August 8, 1968, the claim of the petitioner which was disapproved in December, 1955 was reconsidered and his claim was finally approved at the rate of P100.00 a month, life pension, and the additional P10.00 for each of his ten unmarried minor children below 18. In view of the approval of the claim of petitioner, he requested respondents that his claim is made retroactive as of the date when his original application was filed or disapproved in 1955. Respondents did not act on his request.

On June 22, 1969, Section 9 of Republic Act No. 65 was amended by Republic Act No. 5753 which increased the life pension of the veteran to P200.00 a month and granted besides P30.00 a month for the wife and P30.00 a month each for his unmarried minor children below 18. In view of the new law, respondents increased the monthly pension of petitioner to P125.00 effective January 15, 1971 due to insufficient funds to cover full implementation. His wife was given a monthly pension of P7.50 until January 1, 1972 when Republic Act 5753 was fully implemented.

Petitioner now claims that he was deprived of his right to the pension from October 19, 1955 to June 21, 1957 at the rate of P50.00 per month plus P10.00 a month each for his six (6) unmarried minor children below 18. He also alleges that from June 22, 1957 to August 7, 1968 he is entitled to the difference of P100.00 per month plus P10.00 a month each for his seven (7) unmarried nor children below 18. Again, petitioner asserts the difference of P100.00 per month, plus P30.00 a month for his wife and the difference of P20.00 a month each for his four (4) unmarried minor children below 18 from June 22, 1969 up to January 14, 1971 and finally, the difference of P75.00 per month plus P30.00 a month for his wife and the difference of P20.00 a month for his three (3) unmarried minor children below 18 from January 15, 1971 to December 31, 1971.

ISSUE:

Whether or not Gasilao is entitled to the pension from 1955 instead of 1968?

HELD:

The Supreme Court modified the judgment of the court a quo, ordering the Board of Administrators of the Philippine Veterans Administration (now the Philippine Veterans Affairs Office) to make Gasilao's pension effective 18 December 1955 at the rate of P50.00 per month plus P10.00 per month for each of his then unmarried minor children below 18, and the former amount increased to P100.00 from 22June 1957 to 7 August 1968; and declaring the differentials in pension to which said Gasilao, his wife and his unmarried minor children below 18 are entitled for the period from 22 June 1969 to 14January 1972 by virtue of Republic Act 5753 subject to the availability of Government funds appropriated for the purpose.

It is said that purpose of Congress in granting veteran pensions is to compensate the people who suffered in the service while in line of duty. The law is therefore, an expression of gratitude to and recognition of those who rendered service for the country. For this reason, it is the general rule that a liberal construction is given to pension statutes in favor of those entitled to pension. Courts tend to favor the pensioner, but such constructional preference is to be considered with other guides to interpretation, and a construction of pension laws must depend on its own particular language.

2.4. Power to Construe

The Supreme Court construes the applicable law in controversies which are ripe for judicial resolution. It refrains from doing so where the case has become moot and academic and it will instead dismiss the case. A case or question is moot and academic when its purpose has become stale or where no particular relief can be granted or which can have no practical effect. However, notwithstanding its mootness, the Court may nonetheless resolve the case and construe the applicable law "if it is capable of repetition, yet evading review," specially where public interest requires its resolution or where rendering a decision on the merits would be of practical value.

2.5. Limitations of Power to Construe

2.5.1. Courts may not enlarge nor restrict statutes.

Courts may not, in the guise of interpretation, enlarge the scope of a statute and include therein situations not provided nor intended by the lawmakers. An omission at the time of the enactment, whether careless or calculated, cannot be judicially supplied however later wisdom may recommend the inclusion. Courts are not authorized to insert into the law what they think should be in it or to supply what they think the legislature would have supplied if its attention had been called to the omission.

They should not, by construction, revise even the most arbitrary and unfair action of the legislature, nor rewrite the law to conform with what they think should be the law. Neither should courts construe statutes which are "perfectly vague."

2.5.2. Courts not to be influenced by questions of wisdom.

Courts do not pass upon questions of wisdom, justice, or expediency of legislation, for it is not within their province to supervise legislation and keep it within the bounds of propriety and common sense. Hence, as long as laws do not violate the Constitution, the courts merely interpret and apply them regardless of whether or not they are wise or salutary.

3. Aids in Construction

3.1 Intrinsic Aids – elements found in the law itself which are used in construing a statute. (i.e. title; preamble; words, phrases, and sentences; context; punctuation; headings and marginal notes; and legislative definitions and interpretation clauses)

3.2 Extrinsic Aids – aids not found in the language of the law (i.e. contemporaneous circumstances; policy; legislative history of a statute; contemporaneous or practical construction; executive construction; legislative construction; judicial construction; and construction by the bar and legal commentators)

ROMAN CATHOLIC ARCHBISHOP OF MANILA
vs.
SOCIAL SECURITY COMMISSION
G.R. No. L-15045, January 20, 1961

FACTS:

On September 1, 1958, the Roman Catholic Archbishop of Manila, thru counsel, filed with the Social Security Commission a request that "Catholic Charities, and all religious and charitable institutions and/or organizations, which are directly or indirectly, wholly or partially, operated by the Roman Catholic Archbishop of Manila," be exempted fromcompulsory coverage of Republic Act No. 1161, as amended, otherwise known as the Social Security Law of 1954. The request was based on the claim that the said Act is a labor law and does not cover religious and charitable institutions but is limited to businesses and activities organized for profit. Acting upon the recommendation of its Legal Staff, the Social Security Commission in its Resolution No. 572, series of 1958, denied the request. The Roman Catholic Archbishop of Manila, reiterating its arguments and raising constitutional objections, requested for reconsideration of the resolution. The request, however, was denied by the Commission in its Resolution No. 767, series of 1958; hence, this appeal taken in pursuance of section 5(c) of Republic Act No. 1161, as amended.

ISSUE:

Whether or not Catholic Charities, and all religious and charitable institutions and/or organizations may be exempted from the compulsory coverage of the Social Security System under Republic Act No. 1161?

HELD:

No. The terms of employer, employee and employment have been clearly defined in Republic Act No. 1161, sections c, d and j, respectively. And in no part of these definitions nor in the limitations enumerated did the law exempt Catholic Charities and religious and charitable institutions and/or organizations from the compulsory coverage of R.A. No. 1161.

3.3 Contemporary Construction – is a type of construction placed upon statues at the time of, or after, their enactment by the executive, legislature, or judicial authorities, as well as by those who, because of their involvement in the process of legislation, are knowledgeable of the intent and purpose of the law.

ALEX L. DAVID
vs.
COMMISSION ON ELECTIONS, Department of Interior and Local Government, and THE HONORABLE SECRETARY, Department of Budget and Management
G.R. No. 127116 April 8, 1997

STATUTORY CONSTRUCTION DOCTRINE:

While contemporaneous construction is not decisive for the courts, yet where a construction of statutes has been adopted, by the legislative department and accepted by the various agencies of the executive department, it is entitled to great respect.

FACTS:

The petitioner was a Barangay Chairman of Kalookan and has filed two (2) consolidated petitions against the respondent. One, acting as the Barangay Chairman of Kalookan, and the other as President of the *Liga ng mga Barangay sa Pilipinas*. Both petitions sought for the prohibition of the holding of Barangay Elections by the COMELEC-respondent; on the issue of how long is the term of a Barangay Official. Two (2) conflicting laws governs the said issue: the Republic Act 6679 of 1988 and the Republic Act 7160 of 1991. Petitioner contends that RA 6679 should prevail because it was special law governing barangay elections, while RA 7160 is not a generally law which applies to all other government unit.

ISSUE:

Whether or not RA 6679 should govern the term of office of Barangay Officials?

HELD:

The court requested former Senator Aquilino Q. Pimentel, Jr. to act as *amicus curiae*, being the principal author of the Local Government Code of 1991 (Republic Act 7160); who responded for the urge of denial of the of the petition. He stated four (4) points, two (2) of which are: that the Local Autonomy Code repealed both RA 6679 and 6653 "not only by implication but by design as well"; and that barangay officials are estopped from contesting the applicability of the three-year term provided by the Local Government Code as they were elected under the provisions of said Code.

The court denied the petition for being completely devoid of merit and has pointed out several grounds. One of these was that Congress was already enacted the General Appropriations Act (GAA) of 1997 which appropriated P 400 million for the holding of barangay elections. These are clear contemporaneous statements of Congress that barangay officials shall be elected in the coming May of 1997, which was in accordance with Sec. 43-c of RA 7160.

Further, RA 7160 governs the term of office of Barangay Officials, which was three (3) years.

4. Interpretation of Statutes

4.1. Literal Construction – if the law is clear, plain, and free from ambiguity, it must be given its literal meaning and applied without attempted interpretation.

ENRIQUE SALVATIERRA
vs.
COURT OF APPEALS
G.R. NO. 107797, AUGUST 26, 1996

STATUTORY CONSTRUCTION DOCTRINE:

When the terms of the agreement are clear and unequivocal, the literal and plain meaning thereof should be observed.

FACTS:

In 1930, Enrique Salvatierra died intestate and without issues. He was survived by his brothers Tomas, Bartolome, Venancio, Macario and sister Marcela. His estate consisted of three parcels of land (Cad. Lot No. 25 covered by Tax Declaration No. 11950, Cad. Lot No. 26 covered by Tax Decl. No. 11951, and Cad. Lot No. 27 Covered by Tax Decl. No. 11949). On September 24, 1968, an "Extrajudicial Partition with Confirmation of Sale" was executed by and among the surviving legal heirs and descendants of Enrique Salvatierra, which consisted of the aforementioned Lot No. 25, 26 and 27.

On June 15, 1970, Venancio sold the whole of Lot No. 27 and a 149-sq. m. portion of Lot 26 for the consideration of P8,500.00 to herein respondent spouses Lino Longalong and Paciencia Mariano. It was discovered in 1982 (through a relocation survey) that the 149 sq. m. portion of Lot No. 26 was outside their fence. It turned out that Anselmo Salvatierra, the son of Macario, was able to obtain a title, Original Certificate of Title No. 0-4221 in his name, the title covering the whole of Lot No. 26 which has an area of 749 sq. m. Anselmo registered the whole Lot no. 26 with 749 sq. m. land area in his name on May 20, 1980 with a showing of bad faith knowingly that he only owns 405 sq. m. of land portion in Lot 26 as sold by his father to him which the latter inherited from Enrique.

Lito Longalong and Paciencia Mariano filed a case with the RTC for the reconveyance of the said portion of Lot 26 on November 22, 1985. Anselmo contends that such action already prescribed in 4 years as provided in article 1391. The court *a quo* dismissed the case on the following grounds: 1) that Longalong, et al. failed to establish ownership of the portion of the land in question, and 2) that the prescriptive period of four (4) years from discovery of the alleged fraud committed by defendants'

predecessor Anselmo Salvatierra within which plaintiffs should have filed their action had already elapsed. However, on appeal, the CA reversed the decision of the RTC and ruled that the prescription periods in the case at bar is 10 years according to Art. 1144. Petitioners assailed the CA decision.

ISSUES:

1. Whether or not Longalong is entitled to reconveyance of the 149 sq. m. in Lot 26?
2. Whether or not the prescription period runs in 4 years (according to Art. 1391 of the Civil Code) or 10 years (according to Art. 1144 of the Civil Code)?

HELD:

SC ruled that there was no ambiguity in the terms and stipulations of the extrajudicial partition. When the terms of the agreement are clear and unequivocal, the literal and plain meaning thereof should be observed. The applicable provision of law in the case at bar is Article 1370 of the New Civil Code.

Contracts which are the private laws of the contracting parties, should be fulfilled according to the literal sense of their stipulations, if their terms are clear and leave no room for doubt as to the intention of the contracting parties, for contracts are obligatory, no matter what their forms maybe, whenever the essential requisites for their validity are present. As such, the confirmation of sale between Macario and his son Anselmo, mentioned in the extrajudicial partition involves only the share of Macario in the estate. The law is clear on the matter that where there are two or more heirs, the whole estate of the decedent its, before its partition, owned in common by such heirs, and hence, the effect of the alienation or the mortgage, with respect to the co-owners, shall be limited to the portion which may be alloted to him in the division upon the termination of the co-ownership.

With the evidence of fraud and the issue involving a real property, the court ruled that Article 1144 of the Civil Code provides that the prescriptive period for the reconveyance of fraudulently registered real property is ten (10) years reckoned from the date of the issuance of the certificate of title and should govern in the case at bar. The action has not prescribed.

KAPISANAN NG MGA MANGGAGAWA SA MANILA RAILROAD COMPANY CREDIT UNION, INC.,
vs.
MANILA RAILROAD COMPANY
G.R. No. L-25316, FEBRUARY 28, 1979

FACTS:

The petitioner-appellant seeks for the reversal of a decision made by the lower court dismissing their petition for mandamus, which relied on what was considered to be a right granted by Section 62 of the Republic Act No. 2023. They argued that the provision of this law provides that the loans granted by credit unions to its members enjoy first priority in the payroll collection from the employees' wage and salaries. However, the lower court determined that the mandatory character of RA 2023 is only to compel the employer to make the deduction of the employees' debt from the latter's salary and turn it over to the employees' credit union but it does not convert the credit union's credit into a top priority credit.

ISSUE:

Whether or not RA 2023 makes credit union's credit into top priority credit in making deductions to employees' salaries?

HELD:

When the statutory norm speaks unequivocally, there is nothing for the courts to do except apply it. The law, leaving no doubt as to the scope of its operation must be obeyed.

Republic Act 2023 speaks for itself. There exists no ambiguity. As thus worded, it is clear that in the assailed provisions of this law that it only compels employers to deduct from the salaries of their employees' their credits to their credit unions, but it does not make these credits top priority credits. As thus worded, it must then be applied.

4.1.1. Departure from Literal Interpretation – if the subjected law is incapable of interpretation despite the exhaustion of all possible efforts by the Court to interpret the law, then the Court is not at liberty to supply or make an interpretation of the statute.

CRISPIN ABELLANA and FRANCISCO ABELLANA
vs.
HONORABLE GERONIMO R. MARAVE, Judge, Court of First Instance of Misamis Occidental, Branch II; and GERONIMO CAMPANER, MARCELO LAMASON, MARIA GURREA, PACIENCIOSA FLORES and ESTELITA NEMENO
G.R. No. L-27760 May 29, 1974

FACTS:

Francisco Abellana was convicted in the city court of Ozamis City of the crime of physical injuries through reckless imprudence in driving his cargo truck, hitting a motorized pedicab resulting in injuries to its passengers, private respondents here. Upon appeal, the private respondents as the offended parties filed with another branch of the Court of First Instance of Misamis Occidental, presided by respondent Judge, a separate and independent civil action for damages. Petitioners sought the dismissal of such action principally on the ground that there was no reservation for the filing thereof in the City Court of Ozamis. Respondent judge denied the motion to dismiss filed by petitioners. There was a motion for reconsideration which was denied. Hence this petition

ISSUE:

Whether or not the order was issued with grave abuse of discretion?

HELD:

The petition for certiorari is dismissed. The only basis of petitioners for the imputation that in the issuance of the challenged order there was a grave abuse of discretion, is their literal reading of the cited Rules of Court provision to the effect that upon the institution of a criminal action "the civil action for recovery of civil liability arising from the offense charge is impliedly instituted with the criminal action, unless the offended party ...reserves his right to institute it separately" (sec 1, rule 111 of the Rules of Court). Such an interpretation, as noted, ignores the *de novo* aspect of appealed cases from city courts (Section 7 of Rule 123, Rules of Court). The restrictive interpretation they would place on the applicable rule does not only result in its emasculation but also gives rise to a serious constitutional question. Article 33 of the Civil Code is quite clear: "In cases of ... physical injuries, a civil action for damages, entirely separate and distinct from the criminal action, may be brought by the injured

party. Such civil action shall proceed independently of the criminal prosecution, and shall require only a preponderance of evidence".

It is a well-settled doctrine that a court is to avoid construing a statute or legal norm in such a manner as would give rise to a constitutional doubt. Unfortunately, petitioners, unlike respondent Judge, appeared to lack awareness of the undesirable consequence of their submission. The law as an instrument of social control will fail in its function if through an ingenious construction sought to be fastened on a legal norm, particularly a procedural rule, there is placed an impediment to a litigant being given an opportunity of vindicating an alleged right.

4.1.2. Implications

The doctrine states that what is implied in a statute is as much a part thereof as that which is expressed. Every statute is understood, by implication, to contain all such provisions as may be necessary to effectuate its object and purpose, or to make effective rights, powers, privileges or jurisdiction which it grants, including all such collateral and subsidiary consequences as may be fairly and logically inferred from its terms. And every statutory grant of power, right or privilege is deemed to include all incidental power, right or privilege. This is so because the greater includes the lesser.

The doctrine of necessary implication may therefore be used to justify the inclusion in a statute of what to the court appears to be wise and just, unless it is at the same time necessarily and logically within its terms.

4.2. Executive Construction – the executive and administrative officers, devolved with the duty of enforcing the law, shall be the first individuals to interpret the law, preparatory to its enforcement.

4.2.1. Basic Rule on Executive Construction – as a general rule, where there is doubt as to the proper interpretation of a statute, the uniform construction placed upon it by the executive will be adopted, if necessary to resolve the doubt.

PHILIPPINE ASSOCIATION OF FREE LABOR UNIONS
vs.
BUREAU OF LABOR RELATIONS
G.R. No. L-4360, AUGUST 21, 1976

STATUTORY CONSTRUCTION DOCTRINE:

The contemporaneous construction of a statute by the executive officers of the government, whose duty it is to execute it, is entitled to great respect, and should ordinarily control the construction of the statute by the courts.

FACTS:

The National Association of Free Labor Unions (NAFLU) and the Philippine Association of Free Labor Unions (PAFLU) were the two contending unions in the certification election for the exclusive bargaining agent of all the employees of Philippine Blooming Mills. NAFLU received majority of the votes.

The Director of Labor Relations issued the corresponding certification for NAFLU. PAFLU contested the results, claiming that the spoiled ballots should have been

counted in determining what would constitute a “majority of the votes” as ruled by the Supreme Court in the case of *Allied Workers Association of the Philippines v. Court of Industrial Relations,* which was decided under the Industrial Peace Act. The Director issued a comment on the matter, which that the implementing rules and regulations which were used in this case is in accord with the present Labor Code.

ISSUE:

Whether or not the spoiled ballots should be counted?

HELD:

No, they should not. The case cited was decided under the Industrial Peace Act. It cannot be applied here because the issue arose in 1974, two years after the effectivity of the present Labor Code. The judiciary can only nullify a rule in conflict with the statute, which is not the case here.

To further support its conclusion, the court stated that high repute was attached to the construction placed by the executive officials entrusted with the responsibility of applying a statute. Citing two cases:

"The principle that the contemporaneous construction of a statute by the executive officers of the government, whose duty it is to execute it, is entitled to great respect, and should ordinarily control the construction of the statute by the courts, is so firmly embedded in our jurisprudence that no authorities need be cited to support it."

"Courts will and should respect the contemporaneous construction placed upon a statute by the executive officers whose duty it is to enforce it, and unless such interpretation is clearly erroneous will ordinarily be controlled thereby."

4.2.2. When Executive Construction is not given weight

- When there is no ambiguity in the law;
- Where the construction is clearly erroneous;
- Where strong reason to the contrary exists;
- Where the Court has previously given the statute a different interpretation

PHILIPPINE APPAREL WORKERS' UNION
vs.
THE NATIONAL LABOR RELATIONS COMMISSION APPAREL PHILIPPINE APPAREL, INC.
G.R. No. L-50320, MARCH 30, 1988

FACTS:

A collective bargaining agreement was made between Petitioners and Management of the Philippine Apparel Inc. (PAI) On April 2, 1977 and was signed on September 7, 1977. CBA stipulated a P22.00 increase in monthly wage of workers that will retroact from April 1, 1977. However, on May of the same year, PD 1123 granted a P60.00 increase in living allowance which will take effect from January 1, 1977, provided that those who were granted an increase of that P60.00 will be given the difference. Management argues that since on April 2, 1977, there was been an agreement to a P22.00 increase, Philippine Apparel Inc. only had to pay the difference of P38.00. Moreover, PAI was able to get the opinion of the undersecretary of labor supporting the PAI Management. Labor contends that increase does not fall within the exemption since the CBA was signed on September after PD 1123 has been passed.

ISSUE:

Whether or not the case falls under the exception of PD1123?

HELD:

No. there was no formal agreement on April 2, 1977 regarding the increase. Moreover, the opinion of the undersecretary of Labor was based on a wrong premise and misinterpretation by PAI Management. It was unlawful and beyond the scope of law.

INSULAR BANK OF ASIA AND AMERICA EMPLOYEES UNION
vs.
HON. AMADO INCIONG
G.R. No. L52415, OCTOBER 23, 1984

STATUTORY CONSTRUCTION DOCTRINE:

So long as the regulations relate to carrying into effect the provisions of the law, they are valid. Where an administrative order betrays inconsistency or repugnancy to the provisions of the Act, the mandate of the Act must prevail and must be followed.

FACTS:

The Union filed a complaint against the bank for the payment of holiday pay before the then Department of Labor, National Labor Relations Commission, Regional Office IV in Manila on June 20, 1975. The case was later on certified for arbitration. The Labor Arbiter Soriano rendered a decision in the above-entitled case, granting petitioner's complaint for payment of holiday pay. Respondent bank did not appeal from the said decision and complied with the order of the Labor Arbiter by paying their holiday pay up to and including January 1976.

Presidential Decree 850 was promulgated amending, among others, the provisions of the Labor Code on the right to holiday pay on 16 December 1975. The controversial section thereof reads as "Status of employees paid by the month. — Employees who are uniformly paid by the month, irrespective of the number of working days therein, with a salary of not less than the statutory or established minimum wage shall be presumed to be paid for all days in the month whether worked or not." The bank, by reason of the ruling laid down by the rule implementing Article 94 of the Labor Code and by Policy Instruction 9, stopped the payment of holiday pay to an its employees.

The Union filed a motion for a writ of execution to enforce the arbiter's decision of 25 August 1975, which the bank opposed on 30 August 1976. The Labor Arbiter issued an order enjoining the bank to continue paying its employees their regular holiday pay instead of issuing a writ of execution. The bank appealed from the order of the Labor Arbiter to the NLRC and the same promulgated its resolution en banc dismissing the bank's appeal, ordering the issuance of the proper writ of execution. The bank filed with the Office of the Minister of Labor a motion for reconsideration/appeal with urgent prayer to stay execution. The Office of the Minister of Labor, through Deputy Minister Amado G. Inciong, issued an order setting aside the resolution en banc of the NLRC dated 20 June 1978, and dismissing the case for lack of merit. Hence, the petition for certiorari charging Inciong with abuse of discretion amounting to lack or excess of jurisdiction.

ISSUE:

Whether or not the Ministry of Labor is correct in determining that monthly paid employees are excluded from the benefits of holiday pay?

HELD:

No. From Article 92 of the Labor Code, as amended by Presidential Decree 850, and Articel 82 of the same Code, it is clear that monthly paid employees are not excluded from the benefits of holiday pay.

CHARTERED BANK EMPLOYEES
vs.
OPLE
G.R. L-44517, August 28, 1985

STATUTORY CONSTRUCTION DOCTRINE:

When the language of law is clear and unequivocal, the law must be taken to mean exactly what it says. An administrative interpretation, which diminishes the benefits of labor more than what the statute delimits or withholds, is obviously ultra vires.

FACTS:

On May 20, 1975, the Chartered Bank Employees, in representation of its monthly paid employees and members, files a complaint against private respondent Chartered Bank, for the payment of 10 unworked legal holidays, as well as premium and overtime differentials for worked legal holidays from November 1, 1974.

Mr. Ople dismissed the claim of the Chartered Bank Employees Association because of lack of merit basing its decision on Section 2 Rule 4, Book 3 of the Integrated Rules and Policy Instruction no. 9: Status of employees paid by the month. Employees who are uniformly paid by the month, irrespective of the number of working days therein, with a salary of not less than the statutory or established minimum wage shall be presumed to be paid for all days in the month whether worked or not.

Whereas, Policy 9 states:

TO: All Regional Directors SUBJECT: PAID LEGAL HOLIDAYS. The rules implementing PD 850 have clarified the policy in the implementation of the ten (10) paid legal holidays. Before PD 850, the number of working days a year in a firm was considered important in determining entitlement to the benefit. Thus, where an employee was working for at least 313 days, he was considered definitely already paid. If he was working for less than 313, there was no certainty whether the ten (10) paid legal holidays were already paid to him or not. The ten (10) paid legal holidays law, to start with, is intended to benefit principally daily employees. In the case of monthly, only those whose monthly salary did not yet include payment for the ten (10) paid legal holidays are entitled to the benefit. Under the rules implementing PD 850, this policy has been fully clarified to eliminate controversies on the entitlement of monthly paid employees. The new determining rule is this: 'If the monthly paid employee is receiving not less than P240, the maximum monthly minimum wage, and his monthly pay is uniform from January to December, he is presumed to be already paid the ten (10) paid legal holidays. However, if deductions are made from his monthly salary on account of

holidays in months where they occur, then he is still entitled to the ten (10) paid legal holidays. These new interpretations must be uniformly and consistently upheld.

ISSUE:

Whether or not the Secretary of Labor committed a mistake and acted contrary to law in promulgating Section 2 Rule 4 o the Integrated Rules and Policy Instruction no. 9?

HELD:

Yes. Mr. Ople, who is the Secretary of Labor, had exceeded his statutory authority in connection to Article 5 of the Labor Code authorizing him to promulgate the necessary implementation of the rules and regulation. Such power is limited but the provisions of the statute to be implemented or construed, while it is true that Mr. Ople has the authority in the performance of his duty to promulgate and to implement, construe and clarify the Labor Code.

4.3. Rule vs. Opinion

- Rule - is the law or statute to be enacted
- Opinion – the interpretation of an authority over a specific rule

VICTORIAS MILLING
vs.
SOCIAL SECURITY COMMISSION
G.R. No. L-16704, 17 MARCH 1962

STATUTORY CONSTRUCTION DOCTRINE:

When an administrative agency promulgates rules and regulations, it "makes" a new law with the force and effect of a valid law, while when it renders an opinion or gives a statement of policy; it merely interprets a pre-existing law.

FACTS:

On October 15, 1958, the Social Security Commission issued its Circular No. 22. Upon receipt of a copy thereof, petitioner Victorias Milling Company, Inc., through counsel, wrote the Social Security Commission in effect protesting against the circular as contradictory to a previous Circular No. 7, dated October 7, 1957 expressly excluding overtime pay and bonus in the computation of the employers' and employees' respective monthly premium contributions, and submitting, "In order to assist your System in arriving at a proper *interpretation* of the term 'compensation' for the purposes of" such computation, their observations on Republic Act 1161 and its amendment and on the general interpretation of the words "compensation", "remuneration" and "wages". Counsel further questioned the validity of the circular for lack of authority on the part of the Social Security Commission to promulgate it without the approval of the President and for lack of publication in the Official Gazette. the Social Security Commission ruled that Circular No. 22 is not a rule or regulation that needed the approval of the President and publication in the Official Gazette to be effective, but a mere administrative interpretation of the statute, a mere statement of general policy or opinion as to how the law should be construed.

ISSUE:

Whether or not Circular No. 22 is an example of rules and regulations or opinion?

HELD:

It is an opinion. Circular No. 22 purports merely to advise employers-members of the System of what, in the light of the amendment of the law, they should include in determining the monthly compensation of their employees upon which the social security contributions should be based, and that such circular did not require presidential approval and publication in the Official Gazette for its effectivity. There can be no doubt that there is a distinction between an administrative rule or regulation and an administrative interpretation of a law whose enforcement is entrusted to an administrative body.

4.4. Strict Construction – is a close and conservative adherence to the literal or textual interpretation of a statute

4.5. Liberal Construction – where the letter of the statute is enlarged or restrained to accomplish its intended purpose, and permits a statute to be extended to include cases clearly within the mischief intended to be remedied, unless such construction does violence to the language used.

5. Subjects of Construction

5.1. The Constitution

5.1.1. How should the constitution be construed? – All statutes should be construed in accordance with the Constitution. It should not conflict with the Constitution

ULPIANO P. SARMIENTO III AND JUANITO G. ARCILLA
vs.
SALVADOR MISON, AND GUILLERMO CARAGUE, COMMISSION ON APPOINTMENTS
G.R. No. 79974 December 17, 1987

STATUTORY CONSTRUCTION DOCTRINE:

The fundamental principle of constitutional construction is to give effect to the intent of the framers of the organic law and of the people adopting it. The intention to which force is to be given is that which is embodied and expressed in the constitutional provisions themselves.

FACTS:

Mr. Salvador Mison was appointed as the Commissioner of the Bureau of Customs and Guillermo Carague as the Secretary of the Department of Budget. Their appointment was done without the agreement of the Commission on Appointments. Ulpiano Sarmiento and Juanito Arcilla, being members of the integrated bar, taxpayers, and professors of constitutional law questioned the appointment of the two without confirmation by the Commission on Appointments.

ISSUE:

Whether or not their appointments are valid?

HELD:

Yes. The constitution clearly states whom the President can appoint. Section 16, Article VII of the 1987 Constitution says:

> The President shall nominate and, with the consent of the Commission on Appointments, appoint the heads of the executive departments, ambassadors, other public ministers and consuls, or officers of the armed forces from the rank of colonel or naval captain, and other officers whose appointments are vested in him in this Constitution. He shall also appoint all other officers of the Government whose appointments are not otherwise provided for by law, and those whom he may be authorized by law to appoint. The Congress may, by law, vest the appointment of other officers lower in rank in the President alone, in the courts, or in the heads of the departments, agencies, commissions or boards.
> The President shall have the power to make appointments during the recess of the Congress, whether voluntary or compulsory, but such appointments shall be effective only until disapproval by the Commission on Appointments or until the next adjournment of the Congress.

The first paragraph and the word alone in the first paragraph of Article 7 of the constitution clearly and expressly say the intent of its framers was to exclude presidential appointments from confirmation by the Commission on Appointments. The Supreme Court also ruled that the President only acted within her authority in appointing the 2 officers without submitting the nominations to the Commission for confirmation. The petition is thus denied and their appointments were affirmed by the Supreme Court.

GREGORIO PERFECTO
vs.
BIBIANO MEER
G.R. No. L-2348, FEBRUARY 27, 1950

STATUTORY CONSTUCTION DOCTRINE:

The 1935 Constitution provides in its Article VIII, Section 9 that the members of the Supreme Court and all judges of inferior courts "shall receive such compensation as may be fixed by law, which shall not be diminished during their continuance in office".

FACTS:

In April, 1947 the collector of internal revenue required plaintiff-appellee to pay income tax upon his salary as a member of this court during the year 1946. After paying the amount, he instituted this action in Manila Court of First Instance contending that assessment was illegal, his salary not being taxable for the reason that imposition of taxes thereon would reduce it in violation of the Constitution.

ISSUE:

Whether or not the imposition of an income tax upon this salary in 1946 amount to a diminution thereof?

HELD:

The Supreme Court held that unless and until the Legislature approves an amendment to the Income Tax Law expressly taxing "that salaries of judges thereafter appointed", salaries of judges are not included in the word "income taxed" by the Income Tax Law. Two paramount circumstances may additionally indicate, to wit:

> First, when the Income Tax Law was first applied to the Philippines 1913, taxable "income" did not include salaries of judicial officers when these are affected by diminution. That was the prevailing official belief in the United States, which must be deemed to have been transplanted here, and second, when the Philippine Constitutional Convention approved (in 1935) the prohibition against diminution off the judges' compensation , the Federal principle was known that income tax on judicial salaries really impairs them.

PASTOR M. ENDENCIA and FERNANDO JUGO
vs.
SATURNINO DAVID
G.R. No. L-6355-56, August 31, 1953

STATUTORY CONSTRUCTION DOCTRINE:

Whenever a statute is in violation of the fundamental law, the courts must so adjudge and thereby give effect to the Constitution.

FACTS:

The RTC of Manila declared Sec. 13 of R.A. 590 as unconstitutional and ordered defendant-appellant Saturnino David, Collector of Internal Revenue, to re-fund the income taxes collected on the salaries of Justice Pastor M. Endencia and Justice Fernando Jugo.

ISSUE:

Whether or not the salaries of judicial officers are subject to taxation by virtue of Sec. 13 of R.A. 590?

HELD:

As it was declared in the case of Perfecto vs. Meer (1950), the taxes of judicial officers are not subject to taxation. On the construction and application done of Sec. 9, Art. 8, of the Constitution on the aforementioned case, which states that “The members of the Supreme Court and all judges of inferior courts xxx shall receive such compensation as may be fixed by law, which shall not be diminished during their continuance in office. Until the Congress shall provide otherwise, xxx”, the court had declare that taxing on the salary of a judicial officer is a diminution of such salary and so violates the Constitution. However, in this case, the Congress provided, through R.A. 590, that “No salary xx by any public officer xx shall be considered as exempt from the income tax, payment of which is hereby declared not to be diminution of his compensation fixed by the Constitution or by law”, which violated the principle of separation of powers as it, being a legislative branch, tried to usurp the authority of the judiciary to define and interpret when it passed such declaratory act. Whenever a statute is in violation of the fundamental law, the courts must so adjudge and thereby give effect to the Constitution. Any other course would lead to the destruction of the Constitution.

DAVID G. NITAFAN, WENCESLAO M. POLO, AND MAXIMO A. SAVELLANO, JR.
vs.
COMMISSIONER OF INTERNAL REVENUE AND THE FINANCIAL OFFICER, SUPREME COURT OF THE PHILIPPINES
G.R. NO. 78780, JULY 23, 1987

STATUTORY CONSTRUCTION DOCTRINE:

The primary task in constitutional construction is to ascertain and thereafter assure the realization of the purpose of the framers and of the people in the adoption of the Constitution.

FACTS:

Petitioners, David G. Nifatan, Wenceslao M. Polo, and Maximo A Savellano, Jr., are the duly appointed and qualified Judges presiding over Branches 52, 19 and 53, respectively, of the Regional Trial Court, National Capital Judicial Region, all with stations in Manila. They seek to prohibit and/or perpetually enjoin the Commissioner of Internal Revenue and the Financial Officer of the Supreme Court, from making any deduction of withholding taxes from their salaries. They contend that any tax withheld from their emoluments or compensation as judicial officers constitutes a decrease or diminution of their salaries, contrary to the provision of Section 10, Article VIII of the 1987 Constitution mandating that during their continuance in office, their salary shall not be decreased.

It may be pointed out that, early on, the Court had dealt with the matter administratively. The Chief Justice has previously issued a directive to the Fiscal Management and Budget Office to continue the deduction of withholding taxes from salaries of the Justices of the Supreme Court and other members of the judiciary. This was affirmed by the Supreme Court *en banc* on 4 December 1987. This should have resolved the issue, but with the filing of the petition, the Court deemed it best to settle the issue through judicial pronouncement.

ISSUE:

Whether or not the salary of the petitioners or the members of the Judiciary are exempt from payment of income taxes?

HELD:

No, the salaries of the petitioners or the members of the Judiciary are not exempt from payment of income taxes because their salaries are subject to the general income tax applied to all taxpayers as per the intent of the1986 Constitutional Commission. Their intent was to delete the proposed express grant of exemption from payment of income tax to members of the Judiciary, so as to give substance to equality among the three branches of Government. Although such intent was somehow and inadvertently not clearly set forth in the final text of the 1987 Constitution, the debates, interpellations and opinions expressed by the1986 Constitutional Commission disclosed that the true intent of the framers of the 1987 Constitution, in adopting it, was to make the salaries of members of the Judiciary taxable.

The ascertainment of that intent is but in keeping with the fundamental principle of constitutional construction that the intent of the framers of the organic law and of the people adopting it should be given effect. The primary task in constitutional construction is to ascertain and thereafter assure the realization of the purpose of the framers and of the people in the adoption of the Constitution.

Justices and judges are not only the citizens whose income has been reduced in accepting service in government and yet subject to income tax. Such is true also of Cabinet members and all other employees.

5.1.2. May the preamble be referred to in the construction of the Constitutional Provisions? – As a rule, the preamble helps in clarifying the ambiguities which are not only arising from the meaning of the particular words, but also those which may arise in respect to the general scope and meaning of a statute. However, the preamble is not an essential part of the act and it cannot confer or enlarge powers.

GREGORIO AGLIPAY
vs.
JUAN RUIZ
G.R. No. L-45459, March 13, 1937

STATUTORY CONSTRUCTION DOCTRINE:

The Preamble of the Constitution may be referred to in the construction of Constitutional provisions.

FACTS:

The petitioner, Mons. Gregorio Aglipay, Supreme Head of the Philippine Independent Church, seeks the issuance from this court of a writ of prohibition to prevent the respondent Director of Posts from issuing and selling postage stamps commemorative of the Thirty-third International Eucharistic Congress.
In May, 1936, the Director of Posts announced in the dailies of Manila that he would order the issues of postage stamps commemorating the celebration in the City of Manila of the Thirty-third international Eucharistic Congress, organized by the Roman Catholic Church. The petitioner, in the fulfillment of what he considers to be a civic duty, requested Vicente Sotto, Esq., member of the Philippine Bar, to denounce the matter to the President of the Philippines. In spite of the protest of the petitioner's attorney, the respondent publicly announced having sent to the United States the designs of the postage stamps for printing.

ISSUE:

Whether or not the issuance of the postage stamps was in violation of the Constitution?

HELD:

No. Religious freedom, as a constitutional mandate, is not inhibition of profound reverence for religion and is not denial of its influence in human affairs. Religion as a profession of faith to an active power that binds and elevates man to his Creator is recognized. In so far as it instills into the minds the purest principles of morality, its influence is deeply felt and highly appreciated.

When the Filipino people, in the preamble of the Constitution, implored "the aid of Divine Providence, in order to establish a government that shall embody their ideals, conserve and develop the patrimony of the nation, promote the general welfare, and secure to themselves and their posterity the blessings of independence under a regime of justice, liberty and democracy," they thereby manifested reliance upon Him who guides the destinies of men and nations. The elevating influence of religion in human society is recognized here as elsewhere. In fact, certain general concessions are indiscriminately accorded to religious sects and denominations.

5.1.3. Are the provisions of the Constitution self-executing?

MANILA PRINCE HOTEL
vs.
GOVERNMENT SERVICE INSURANCE SYSTEM, MANILA HOTEL CORPORATION, COMMITTEE ON PRIVATIZATION and OFFICE OF THE GOVERNMENT CORPORATE COUNSEL
G.R. No. 122156, FEBRUARY 3, 1997

STATUTORY CONSTRUCTION DOCTRINE:

Under the doctrine of Constitutional Supremacy, if a law or contract violates any norm of the constitution that law or contract, whether promulgated by the legislative or by the executive branch or entered into by private persons for private purposes, is null and void and without any force and effect. And as constitutional provisions are self-executing, it does not require any legislation to put it in operation except when the provisions themselves expressly require legislations to implement them.

FACTS:

The controversy arose when respondent Government Service Insurance System (GSIS), pursuant to the privatization program of the Philippine Government under Proclamation No. 50 dated 8 December 1986, decided to sell through public bidding 30% to 51% of the issued and outstanding shares of respondent Manila Hotel Corporation. In a close bidding held on 18 September 1995 only two (2) bidders participated: petitioner Manila Prince Hotel Corporation, a Filipino corporation, which offered to buy 51% of the MHC or 15,300,000 shares at P41.58 per share, and Renong Berhad, a Malaysian firm, with ITT-Sheraton as its hotel operator, which bid for the same number of shares at P44.00 per share, or P2.42 more than the bid of petitioner.

Pending the declaration of Renong Berhad as the winning bidder/strategic partner and the execution of the necessary contracts, matched the bid price of P44.00 per share tendered by Renong Berhad.

On 17 October 1995, perhaps apprehensive that respondent GSIS has disregarded the tender of the matching bid and that the sale of 51% of the MHC may be hastened by respondent GSIS and consummated with Renong Berhad, petitioner came to this Court on prohibition and mandamus.

In the main, petitioner invokes Sec. 10, second par., Art. XII, of the 1987 Constitution and submits that the Manila Hotel has been identified with the Filipino nation and has practically become a historical monument which reflects the vibrancy of Philippine heritage and culture. It is a proud legacy of an earlier generation of Filipinos

who believed in the nobility and sacredness of independence and its power and capacity to release the full potential of the Filipino people. To all intents and purposes, it has become a part of the national patrimony. Petitioner also argues that since 51% of the shares of the MHC carry with it the ownership of the business of the hotel which is owned by respondent GSIS, a government-owned and controlled corporation, the hotel business of respondent GSIS being a part of the tourism industry is unquestionably a part of the national economy.

ISSUE:

Whether or not the sale of Manila Hotel to Renong Berhad is in violation of the Constitutional provision of Filipino First policy and is therefore null and void?

HELD:

Yes. The Manila Hotel or, for that matter, 51% of the MHC, is not just any commodity to be sold to the highest bidder solely for the sake of privatization. The Manila Hotel has played and continues to play a significant role as an authentic repository of twentieth century Philippine history and culture. This is the plain and simple meaning of the Filipino First Policy provision of the Philippine Constitution. And this Court, heeding the clarion call of the Constitution and accepting the duty of being the elderly watchman of the nation, will continue to respect and protect the sanctity of the Constitution. It was thus ordered that GSIS accepts the matching bid of petitioner Manila Prince Hotel Corporation to purchase the subject 51% of the shares of the Manila Hotel Corporation at P44.00 per share and thereafter to execute the necessary clearances and to do such other acts and deeds as may be necessary for purpose.

5.2. Statute

5.2.1. Requirements for the publication of laws

As stated in Article 2 of the New Civil Code, ""all laws shall take effect after fifteen (15) days following the completion of their publication in the Official Gazette or in a newspaper of general circulation, unless it is otherwise provided."

LORENZO M. TAÑADA, Et. Al.
vs.
HON. JUAN C.TUVERA, Et. Al.
G.R. No. L-63915, APRIL 24, 1985

and

LORENZO M. TAÑADA, Et. Al.
vs.
HON. JUAN C.TUVERA, Et. Al.
G.R. No. L-63915, DECEMBER 29, 1986

FACTS:

Senator Lorenzo TaÑada, Atty. Abraham Sarmiento, and the Movement of Attorneys for Brotherhood, Integrity and Nationalism, Inc. Invoking the people's right to be informed on matters of public concern, a right recognized in Section 6, Article IV of the 1973 Philippine Constitution, as well as the principle that laws to be valid and enforceable must be published in the Official Gazette or otherwise effectively promulgated, petitioners seek a writ of mandamus to compel respondent public officials to publish, and/or cause the publication in the Official Gazette of various presidential decrees, letters of instructions, general orders, proclamations, executive orders, letter of implementation and administrative orders.

The respondents, through the Solicitor General, would have this case dismissed outright on the ground that petitioners have no legal personality or standing to bring the instant petition. The view is submitted that in the absence of any showing that petitioners are personally and directly affected or prejudiced by the alleged non-publication of the presidential issuances in question said petitioners are without the requisite legal personality to institute this mandamus proceeding, they are not being "aggrieved parties" within the meaning of Section 3, Rule 65 of the Rules of Court. While petitioners maintain that since the subject of the petition concerns a public right and its object is to compel the performance of a public duty, they need not show any specific interest for their petition to be given due course.

Respondents further contend that publication in the Official Gazette is not a sine qua non requirement for the effectivity of laws where the laws themselves provide for their own effectivity dates. It is thus submitted that since the presidential issuances in question contain special provisions as to the date they are to take effect; publication in the Official Gazette is not indispensable for their effectivity. The point stressed is anchored on Article 2 of the Civil Code.

ISSUE:

Whether or not publication affects the effectivity of the law?

HELD:

(1985) Without such notice and publication, there would be no basis for the application of the maxim "ignorantia legis non excusat." It would be the height of injustice to punish or otherwise burden a citizen for the transgression of a law of which he had no notice whatsoever, not even a constructive one. The publication of all presidential issuances "of a public nature" or "of general applicability" is mandated by law. Obviously, presidential decrees that provide for fines, forfeitures or penalties for their violation or otherwise impose a burden or. the people, such as tax and revenue measures, fall within this category. Other presidential issuances which apply only to particular persons or class of persons such as administrative and executive orders need not be published on the assumption that they have been circularized to all concerned. The Court therefore declares that presidential issuances of general application, which have not been published, shall have no force and effect.

(1986) Publication is indispensable in every case, but the legislature may in its discretion provide that the usual fifteen-day period shall be shortened or extended. An example, as pointed out by the present Chief Justice in his separate concurrence in the original decision, is the Civil Code which did not become effective after fifteen days from its publication in the Official Gazette but "one year after such publication." The general rule did not apply because it was "otherwise provided.

The court in its decision held that *all* statutes, including those of local application and private laws, shall be published as a condition for their effectivity, which shall begin fifteen days after publication unless a different effectivity date is fixed by the legislature.

There is much to be said of the view that the publication need not be made in the Official Gazette, considering its erratic releases and limited readership. Undoubtedly, newspapers of general circulation could better perform the function of communicating, the laws to the people as such periodicals are more easily available, have a wider readership, and come out regularly. The trouble, though, is that this kind of publication is not the one required or authorized by existing law. As far as we know, no amendment has been made of Article 2 of the Civil Code. The Solicitor General has not pointed to

such a law, and we have no information that it exists. If it does, it obviously has not yet been published.

At any rate, this Court is not called upon to rule upon the wisdom of a law or to repeal or modify it if we find it impractical. That is not our function. That function belongs to the legislature. Our task is merely to interpret and apply the law as conceived and approved by the political departments of the government in accordance with the prescribed procedure. Consequently, we have no choice but to pronounce that under Article 2 of the Civil Code, the publication of laws must be made in the Official Gazette and not elsewhere, as a requirement for their effectivity after fifteen days from such publication or after a different period provided by the legislature.

5.3. Ordinances

5.3.1. Rule on Construction of Ordinances vis-à-vis Statute

Ordinances should be in accordance with the general purpose of the statute where it was based from.

JUAN AUGUSTO B. PRIMICIAS
vs.
THE MUNICIPALITY OF URDANETA, PANGASINAN, Et. Al.
G.R. No. L-26702, October 18, 1979

STATUTORY CONSTRUCTION DOCTRINE:

Municipal Ordinances are inferior in status and subordinate to the laws of state. Following this general rule, whenever there is a conflict between an ordinance and a statute, the ordinance must give way.

FACTS:

A criminal complaint was filed against plaintiff Primiscias for violation of Municipal Ordinance No. 3, Series of 1964 after being apprehended by a member of the Municipal Police for overtaking a truck. Primiscias thereafter filed for the annulment of the subject ordinance with prayer for issuance of preliminary injunction to restrain defendants from enforcing the said ordinance. The Court of First Instance rendered Ordinance No. 3, S-1964 as null and void, and repealed by RA 4136 also known as the Land Transportation and Traffic Code. Appellant appealed the decision.

ISSUE:

Whether or not Ordinance No. 3, Series of 1964, enacted by the Municipal Council of Urdaneta, Pangasinan, is null and void?

HELD:

Yes, the Supreme Court ruled that subject ordinance has been repealed by the enactment of RA 4316 and has therefore, become null and void stating that a later law prevails over an earlier law.

6. Interpretation of specific types of statutes

6.1. Tax Laws – as a general rule, tax laws should be construed as against the taxpayer.

6.1.1. How are tax refunds construed?

LA CARLOTA SUGAR CENTRAL
vs.
PEDRO JIMENEZ
G.R. NO. L-12436, MAY 31, 1961

STATUTORY CONSTRUCTION DOCTRINE:

When the issue is whether or not the exemption from a tax imposed by law is applicable, the rule is that the exempting provision is to be construed liberally in favor of the taxing authority and strictly against exemption from tax liability. The result being that statutory provisions for the refund of taxes are strictly construed in favor of the State and against the tax payer.

FACTS:

La Carlota Sugar Central which was under the administration of Elizalde, imported fertilizers. When the fertilizers reached the Philippines, the Central Bank imposed a 17% tax in accordance with Republic Act 601. Then La Carlota Sugar, through Hong Kong and Shanghai Banking, petitioned a refund of the 17% tax which they paid, claiming that the fertilizers are going to be used by Elizalde in its haciendas and that it should be exempted from the tax. The auditor general of the Central Bank denied the petition. La Carlota Sugar requested the auditor general of Central Bank to reconsider his ruling but after pertinent reexamination, nonetheless still denied. Central Bank appealed to the auditor general of the Philippines. The auditor general of the Philippines came up with the same ruling as the Central Bank, not to exempt La Carlota Sugar from paying the tax.

ISSUE:

Whether or not La Carlota Sugar is exempt from such tax?

HELD:

No, the law is clear that imported fertilizers are exempt from the payment of the 17% tax only if the same were imported by planters or farmers directly or through their cooperatives, and Central's fertilizers were neither of the two exemptions.

6.1.2. Who has the burden of proof intax cases?

COMMISSIONER OF INTERNAL REVENUE
vs.
COURT OF APPEALS
G.R. NO. 115349, APRIL 18, 1997

STATUTORY CONSTRUCTION DOCTRINE:

In the Interpretation of tax laws, “a statute will not be construed as imposing a tax unless it does so clearly, expressly and ambiguously. A tax cannot be imposed without clear and express words for that impose”. Provisions of taxing laws are not to be extended by implication.

FACTS:

Private respondent, the Ateneo de Manila University, is a non-stock, non-profit educational institution with auxiliary units and branches all over the Philippines. One auxiliary unit is the Institute of Philippine Culture (IPC), which has no legal personality separate and distinct from that of private respondent. The IPC is a Philippine unit engaged in social science studies of Philippine society and culture, which occasionally accepts sponsorships for its research activities from international organizations, private foundations and government agencies.

Private respondent received from Commissioner of Internal Revenue (CIR) a demand letter dated 3 June 1983, assessing private respondent the sum of P174,043.97 for alleged deficiency contractor’s tax, and an assessment dated 27 June 1983 in the sum of P1,141,837 for alleged deficiency income tax, both for the fiscal year ended 31 March 1978. Denying said tax liabilities, private respondent sent petitioner a letter-protest and subsequently filed with the latter a memorandum contesting the validity of the assessments.

On 17 March 1988, petitioner rendered a letter-decision canceling the assessment for deficiency income tax but modifying the assessment for deficiency contractor’s tax by increasing the amount due to P193,475.55. Unsatisfied, private respondent requested for a reconsideration or reinvestigation of the modified assessment.

On 12 July 1993, the respondent court set aside respondent’s decision, and canceling the deficiency contractor’s tax assessment in the amount of P46,516.41 exclusive of surcharge and interest for the fiscal year ended 31 March 1978. No pronouncement as to cost. On 27 April 1994, Court of Appeals, in CA-GR SP 31790, affirmed the decision of the Court of Tax Appeals.

Not in accord with said decision, petitioner came to Supreme Court via a petition for review.

ISSUE:

Whether or not Ateneo de Manila University, through IPC, is performingthe work of an independent contractor thus subjecting them to the 3% contractor's tax levied by then Section 205 of the National Internal Revenue?

HELD:

No. The CIR failed to apply the abovementioned doctrine as they should have determined first if the Ateneo was covered by Section 205. Instead, they asked Ateneo to prove its exemption without establishing its coverage under Section 205. And as stated by the Court of Tax Appeals, they found no evidence that Ateneo sells the services of IPC.

MACTAN CEBU INTERNATIONAL AIRPORT AUTHORITY
vs.
HON. FERDINAND J. MARCOS, THE CITY OF CEBU, REPRESENTED BY ITS MAYOR HON. TOMAS R. OSMEÑA, AND EUSTAQUIO B. CESA
G.R. NO. 120082, SEPTEMBER 11, 1996

STATUTORY CONSTRUCTION DOCTRINE:

Statutes granting tax exemptions are construed strictissimi juris against the taxpayers and liberally in favor of the taxing authority.

FACTS:

Petitioner Mactan Cebu International Airport Authority (MCIAA) was created by virtue of Republic Act No. 6958, mandated to "principally undertake the economical, efficient and effective control, management and supervision of the Mactan International Airport in the Province of Cebu and the Lahug Airport in Cebu City… and such other airports as may be established in the Province of Cebu…" (Sec. 3, RA 6958).

Since the time of its creation, petitioner MCIAA enjoyed the privilege of exemption from payment of realty taxes in accordance with Section 14 of its Charter.

On October 11, 1994, however, Mr. Eustaquio B. Cesa, Officer-in-Charge, Office of the Treasurer of the City of Cebu, demanded payment for realty taxes on several parcels of land belonging to the petitioner.

Petitioner objected to such demand for payment is baseless and unjustified, claiming in its favor the aforecited Section 14 of RA 6958 which exempt it from payment of realty taxes. It was also asserted that it is an instrumentality of the government performing governmental functions, citing section 133 of the Local Government Code of 1991 which puts limitations on the taxing powers of local government units.

The city refused insisting that petitioner is a GOCC performing proprietary functions whose tax exemption was withdrawn by Sections 193 and 234 of the LGC. Petitioner filed a declaratory relief before the RTC. The trial court dismissed the petitioner ruling that the LGC withdrew the tax exemption granted the GOCCs.

ISSUE:

Whether or not the City of Cebu has the power to impose taxes on petitioner?

HELD:

Yes, the City of Cebu has the power to impose taxes on petitioner since the last paragraph of Section 234 unequivocally withdrew, upon the effectivity of the LGC, exemptions from payment of real property taxes granted to natural or juridical persons, including government-owned or controlled corporations, except as provided in the said section, and the petitioner is, undoubtedly, a government-owned corporation, it necessarily follows that its exemption from such tax granted it in Section 14 of its Charter, R.A. No. 6958, has been withdrawn.

6.1.3. Tax Sales construed

FEDERICO SERFINO AND CORNA BACHAR
vs.
COURT OF APPEALS AND LOPEZ SUGAR MILL CO. INC.
G.R. No. L- 40858, SEPTEMBER 15, 1958
and
PHILIPPINE NATIONAL BANK vs.
COURT OF APPEALS, LOPEZ SUGAR CENTRAL MILL CO. INC, SPOUSES FREDERICO SERFINO AND CORNA BUCHAR
G.R. No. L-40751, SEPTEMBER 15, 1987

STATUTORY CONSTRUCTION DOCTRINE:

Strict adherence to the statutes governing tax sales is imperative not only for the protection of tax payers but also allay any possible suspicion of collusion between the buyer and the public officials called upon to enforce such laws. Notice of sale to the delinquent land owners and to the public is an essential and indispensable requirement of law, the non-fulfilment of which viciates the sale.

FACTS:

On August 25, 1937 a parcel of land, consisting of 21.1676 hectares, was patented by Pacifico Casamayor. Not long after, the land was sold to Nemesia Baltazar which then sold it to Lopez Sugar Central Mill Co., Inc. Lopez Sugfa Central Mill did not register it to the Office of Registry of Deeds until December 17, 1964. However, the Registry of Deeds did not accept the registration because the said land was already registered under the name of the spouses Frederico Serfino and Corna Bachar. The couple said they acquired the land when the Provincial Treasurer of Negros auctioned it due to tax deliquency. Serfino mortgaged the land to PNB to secure a loan amounting to five thousand pesos which is why when Lopez Sugar Mill filed an action to recover the land, which the lower court granted and cancelled the title of TCT No. 985 (under Serfino's name), the lower court ordered Lopez Sugar Mill Co. Inc. to pay PNB the balance of Serfino. Both parties appealed the decision.

ISSUES:

1. Whether or not the auction of the property is null and void?
2. Whether or not PNB is entitled to the payment?

HELD:

The selling of the land by the Province of Negros to Serfino is void because the province is not the real owner. Since Baltazar did not receive any notice nor was she given a certificate of sale, it is clear that the sale was null and void.

PNB is entitled to the payment as the invalidty of the auction was not PNB's fault and when they loaned the sum of money and considered the land as mortgage, they were acting in good faith. It should be noted that there was a title under Serfino's name which served as PNB's basis.

6.2. Labor Laws – as a general rule, labor laws should be construed in favor of labor.

6.2.1. Rule on the construction of labor laws

MARIA E. MANAHAN
vs.
EMPLOYEES' COMPENSATION COMMISSION and GSIS (LAS PIÑAS MUNICIPAL HIGH SCHOOL)
G.R. No. L-44899 April 22, 1981

STATUTORY CONSTRUCTION DOCTRINE:

This Court applied the provisions of the Workmen's Compensation Act, as amended, on passing upon petitioner's claim. The illness that claimed the life of the deceased may have its onset before 10 December 1974, thus, his action accrued before 10 December 1974. Still, in any case, and in case of doubt, the same should be resolved in favor of the worker, and that social legislations — like the Workmen's Compensation Act and the Labor Code — should be liberally construed to attain their laudable objective, i.e., to give relief to the workman and/or his dependents in the event that the former should die or sustain an injury. Pursuant to such doctrine and applying now the provisions of the Workmen's Compensation Act in this case, the presumption of compensability subsists in favor of the claimant.

FACTS:

This is a petition to review the decision of the Employees' Compensation Commission in ECC Case No. 0070. GSIS denied the claim for death benefit of herein petitioner, Maria Manahan, wife of the deceased. The claimant, petitioner herein, widow of Nazario Manahan, Jr., who died of "Enteric Fever" while employed as classroom teacher in Las Piñas Municipal High School, Las Piñas Rizal, on May 8, 1975. In a letter dated June 19,1975, the GSIS denied the claim on a finding that the ailment of Nazario Manahan, Jr., typhoidfever, is not an occupational disease. The petitioner filed a motion for reconsideration on theground that the deceased, Nazario Manahan, Jr., was in perfect health when admitted to the serviceand such ailment was attributable to his employment

ISSUE:

Whether or not Manahan is entitled of death benefits?

HELD:

Yes. In any case, Supreme Court have always maintained that in case of doubt, the same should be resolved in favor of the worker, and that social legislations – like the Workmen's Compensation Act and the Labor Code – should be liberally construed to attain their laudable objective, i.e., to give relief to the workman and/or his dependents in the event that the former should die or sustain an injury.

As a teacher of the Las Piñas Municipal High School at Las Piñas Rizal, the deceased used to eat his meals at the school canteen. He also used the toilet and other facilities of the school. Said the respondent Commission," ... it is not improbable that the deceased might have contracted the illness during those rare moments that he was away from his family, since it is medically accepted that enteric fever is caused by salmonella organisms which are acquired by ingestion of contaminated food or drinks. Contamination of food or water may come from the excretion of animals such as rodent's flies, or human beings who are sick or who are carriers, or infection in meat of animals as food. Meat, milk and eggs are the foods most frequently involved in the transmission of this type of species, since the organism may multiply even before ingestion. ..." These findings of the respondent Commission lead to the conclusion that the risk of contracting the fatal illness was increased by the decedent's working condition.

DOMNA N. VILLAVERT
vs.
EMPLOYEES' COMPENSATION COMMISSION & GOVERNMENTSERVICE INSURANCE SYSTEM
G.R. No. L-48605, DECEMBER 14, 1981

STATUTORY CONSTRUCTION DOCTRINE:

Labor laws are to be construed liberally in favour of the employees. Further, Article 4 of the Labor Code provides that "all doubts in the implementation and interpretation of this Code, including its implementing rules and regulations shall be resolved in favour of labor".

FACTS:

Marcelino Villavert, who was employed as a Code Verifier in the Philippine Constabulary, died of acute hemorrhagic pancreatitis on December 12, 1975. It was shown in the records that he did not only perform duties as a Code Verifier but also served as a computer operator and clerk typist due to the lack of manpower in the Philippine Constabulary. This means that he handles administrative functions, computer operation and typing jobs. On the day prior to his death, he was required to do an overtime service until late in the evening after a whole day of strenuous activities. He went when home without taking his meal. Shortly, he was gasping for breath, perspiring profusely and mumbling incoherent words. He was rushed to the UE Ramon Magsaysay Hospital where he was pronounced dead at 5:30 o'clock in the morning of the following day.

His mother, Domna Villavert, filed for income benefits for the death of her son under PD n. 626 as amended with the Government Insurance System on March 18, 1976. Her claim was denied by the GSIS on the ground that the acute hemorrhagic pancreatitis is not an occupational disease and that the petitioner failed to show the causal connection between the fatal ailment of Marcelino and the nature of his employment. She appealed to the Employee's Compensation Commission but it affirmed the decision of the GSIS.

ISSUE:

Whether or not Domna Villavert is entitled to her son's income benefits?

HELD:

The Medico Legal Officer of the NBI stated that the exact cause of hemorrhagic pancreatitis is still unknown despite extensive researches in this field, although most research data are agreed that physical and mental stresses are strong causal factors in the development of the disease. It is then clear that the cause of death of Marcelino Villavert was directly caused or at least aggravated by the duties he performed as code verifier, computer operator and clerk typist of the Philippine Constabulary. There is no evidence that he had a "bout of alcoholic intoxication", in connection to the claim of the respondents that alcoholism causes such disease. Domna Villavert is, therefore, entitled to collect the income benefits of his son from the GSIS.

DEL ROSARIO & SONS LOGGING ENTERPRISES, INC.
vs.
THE NATIONAL LABOR RELATIONS COMMISSION, PAULINO MABUTI, NAPOLEO BORATA, SILVINO TUDIO and CALMAR SECURITY AGENCY
G.R. No. L-64204, May 31, 1985

STATUTORY CONSTRUCTION DOCTRINE:

The rules of evidence prevailing in the courts of law or equity are not controlling in proceedings before the NLRC and its Labor Arbiters. It is the spirit & intention of the Labor Code which shall be used to ascertain the facts of the case without due regard to the technicalities of a case proceeding.

FACTS:

Petitioner Del Rosario & Sons Enterprises, Inc. entered into a "Contract of Services" with private-respondent Calmar Security Agency. The employees (security guards stationed at petitioner's premises) filed a complaint against petitioner and private-respondent because of underpayment of salary, non-payment of living allowance and 13th month pay. Petitioner contends that the complainants had no cause of action due to the absence of employer-employee relation while private-respondent alleged that due to inadequacy of the amounts paid by petitioner under the Contract, it could not comply with the above payments to the complainants. The Labor Arbiter ruled in favor of the Petitioner but a resolution of the NLRC reversed the decision declaring petitioner as an indirect employer.

ISSUE:

Whether or not petitioner is responsible for salary payment on the ground of being a direct employer?

HELD:

It is the Security Agency, and not the petitioner, who is responsible for the payment of salaries of the employees. On ascertaining the facts of a labor case, the spirit and intention of the Labor Law shall give its aid. The NLRC & its Labor Arbiters do not need to deal with the technicalities of the proceedings of a Labor Case such as the indirectness of being an employer as in this case. Although the technical problem arose from the contract between the petitioner and private-respondent, it doesn't mean that the Security Agency may preclude itself from performing its obligation towards its employees.